

HOUSE JOURNAL

OF THE

IDAHO LEGISLATURE

FIRST REGULAR SESSION
SIXTY-THIRD LEGISLATURE

**FIRST LEGISLATIVE DAY
MONDAY, JANUARY 12, 2015**

House of Representatives

The House convened at 12 noon, January 12, 2015, the time established for the convening of the First Regular Session of the Sixty-third Legislature, the members of the House of Representatives convened in the House Chamber of the Capitol Building in the City of Boise, with Scott Bedke, Speaker, presiding.

Roll call showed 69 members present.
Absent – Kloc. Total – 1.
Total – 70.

At this time the Speaker put the House at ease for the Flag Ceremony.

Prayer was offered by Chaplain Tom Dougherty.

The Pledge of Allegiance was led by Dustin Cheney, Page.

3RD ORDER

Approval of Journal

January 12, 2015

Mr. Speaker:

We, your COMMITTEE ON JUDICIARY, RULES, AND ADMINISTRATION, report that we have read and approved the House Journal of the the Organizational Session and recommend that same be adopted as corrected.

WILLS, Chairman

Mr. Wills moved that the report be adopted. Seconded by Mr. Gannon. Report adopted.

4TH ORDER

Consideration of Messages from the Governor and the Senate

THE OFFICE OF THE GOVERNOR

CERTIFICATE OF APPOINTMENT

KNOW ALL MEN, that pursuant to the provisions of Section 59-917, Idaho Code, JUDY BOYLE, State Representative, District 9, Seat B, Adams County, State of Idaho, has nominated, VIKI PURDY, of 3474 South End Road, New Meadows, ID 83654, to perform the duties of this office temporarily as Acting State Representative, District 9, Seat B.

NOW, THEREFORE, I, C.L. "BUTCH" OTTER, Governor of the State of Idaho, by virtue of the authority vested in me do hereby appoint Viki Purdy of New Meadows, Idaho, to the office of Acting State Representative, District 9, Seat B, for a term commencing January 12, 2015, and continuing until such time as Representative Boyle is able to resume her duties.

IN TESTIMONY WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the State of Idaho at the Capitol in Boise on this 8th day of January, in the year of our Lord two thousand and fifteen, and of the Independence of the United States of America, the two hundred and thirty-ninth year.

/s/ C.L. "BUTCH" OTTER
Governor

/s/ LAWRENCE DENNEY
Secretary of State

The Certificate of Appointment was ordered filed in the office of the Chief Clerk.

The Speaker announced the oath of office had previously been administered to Viki Purdy.

There being no objection, the House advanced to the Seventh Order of Business.

7TH ORDER

Motions, Memorials, and Resolutions

HOUSE CONCURRENT RESOLUTION NO. 1 BY MOYLE AND RUSCHE

A CONCURRENT RESOLUTION

PROVIDING FOR A JOINT SESSION OF THE HOUSE OF REPRESENTATIVES AND THE SENATE OF THE FIRST REGULAR SESSION OF THE SIXTY-THIRD IDAHO LEGISLATURE FOR THE PURPOSE OF HEARING A MESSAGE FROM THE GOVERNOR.

Be It Resolved by the Legislature of the State of Idaho:

WHEREAS, the Governor has informed the House of Representatives and the Senate that he desires to deliver a message to a Joint Session of the House of Representatives and the Senate of the First Regular Session of the Sixty-third Idaho Legislature in the Chamber of the House of Representatives at 1 p.m. on Monday, January 12, 2015.

NOW, THEREFORE, BE IT RESOLVED by the members of the First Regular Session of the Sixty-third Idaho Legislature, the House of Representatives and the Senate concurring therein, that the House of Representatives and the Senate meet in Joint Session on Monday, January 12, 2015, at 1 p.m. for the purpose of hearing the message from the Governor.

HCR 1 was introduced, read the first time by title, and referred to the Judiciary, Rules, and Administration Committee for printing.

Mr. Moyle asked unanimous consent that two committees be appointed by the Speaker; one to notify the Governor, and one to notify the Senate that the House is organized and ready to do business. There being no objection, it was so ordered.

The Speaker appointed the following committees to notify the Governor and the Senate.

Representatives Vander Woude, Harris, and Erpelding were appointed as the committee to notify the Governor and Representatives DeMordaunt, Horman, and Rubel were appointed as the committee to notify the Senate. The committees were excused.

There being no objection, the House returned to the Fifth Order of Business.

5TH ORDER

Report of Standing Committees

January 12, 2015

Mr. Speaker:

We, your COMMITTEE ON JUDICIARY, RULES, AND ADMINISTRATION, report that we have printed **HCR 1**.

WILLS, Chairman

HCR 1 was ordered held at the Desk.

There being no objection, the House advanced to the Seventh Order of Business.

7TH ORDER

Motions, Memorials, and Resolutions

HCR 1 - GOVERNOR - STATE OF STATE ADDRESS

Mr. Moyle moved that all rules of the House interfering with the immediate consideration of **HCR 1** be suspended; that the portions of Section 15, Article 3 of the Constitution of the State of Idaho, requiring all bills to be read on three several days be dispensed with, this being a case of urgency; and that **HCR 1** be read the first time by title, second time by title, and third time at length, and placed before the House for final consideration. Seconded by Mr. Rusche.

The question being, "Shall the rules be suspended?"

Roll call resulted as follows:

AYES – Anderson, Anderst, Andrus, Barbieri, Bateman, Batt, Bell, Beyeler, Boyle(Purdy), Burtenshaw, Chaney, Cheatham, Chew, Clow, Collins, Crane, Dayley, Dixon, Gannon, Gestrin, Gibbs, Hartgen, Hixon, Holtzclaw, Jordan, Kauffman, Kerby, King, Loertscher, Luker, Malek, McCrostie, McDonald, McMillan, Mendive, Miller, Monks, Moyle, Nate, Nielsen, Nye, Packer, Palmer, Pence, Perry, Raybould, Redman, Romrell, Rudolph, Rusche, Scott, Shepherd, Sims, Smith, Thompson, Troy, Trujillo, VanOrden, Wills, Wintrow, Wood, Youngblood, Mr. Speaker. Total – 63.

NAYS – None.

Absent – DeMordaunt, Erpelding, Harris, Horman, Kloc, Rubel, Vander Woude. Total – 7.

Total – 70.

Whereupon the Speaker declared that more than two-thirds of the membership having voted in the affirmative, the motion carried, the rules were suspended, and **HCR 1** was read the first time by title, second time by title, and third time at length, and placed before the House for final consideration.

At this time, the Speaker recognized Mr. Moyle to open debate.

The question being, "Shall **HCR 1** be adopted?"

Whereupon the Speaker declared **HCR 1** adopted by voice vote and ordered the resolution transmitted to the Senate.

The committee appointed to notify the Governor that the House was in session returned to the House and reported they had conveyed the message to the Governor and that the Governor sent his greetings and best wishes for a productive session. The committee was thanked and discharged by the Speaker.

The committee appointed to notify the Senate that the House was in session returned to the House and reported that they had conveyed the message to the Senate, and the Senate returned its best wishes for a productive session. The committee was thanked and discharged by the Speaker.

At this time, Senators acting as a committee from the Senate, were escorted into the House Chamber to notify the House of

Representatives that the Senate was organized and ready for business. The Speaker thanked the committee.

Mr. Moyle asked unanimous consent that a committee be appointed to wait upon the Senate and escort the Senators to the House Chamber for the purpose of attending the Joint Session. There being no objection, it was so ordered.

The Speaker appointed Representatives Sims, VanOrden, and King as the committee to wait upon the Senate. The committee was excused.

The committee appointed to wait upon the Senate returned and reported that the Senate was waiting to enter the House Chambers. The Speaker thanked and discharged the committee.

JOINT SESSION

Pursuant to **HCR 1**, the hour of 1 p.m. having arrived, the members of the Senate entered the House Chamber and met in Joint Session with Speaker Scott Bedke presiding.

Roll call showed 69 members present.

Absent – Kloc. Total – 1.

Total – 70.

Roll call of the Senate showed 34 members present..

Absent – Lodge. Total – 1.

Total – 35.

Prayer was offered by Chaplain Tom Dougherty.

The Pledge of Allegiance was led by Chaplain Tom Dougherty.

Mr. Moyle asked unanimous consent that one committee be appointed to wait upon the Supreme Court Justices and Appellate Court Judges and one to wait upon the Elected Officials and escort them to the House Chamber. There being no objection, it was so ordered.

The Speaker appointed Representatives Wills and Gannon and Senators Hagedorn and Werk as the committee to wait upon the Supreme Court Justices and Appellate Court Judges and Representatives Nielsen and Wintrow and Senators Winder and Buckner-Webb as the committee to wait upon the Elected Officials and escort them to the House Chamber. The committees were excused.

Mr. Moyle asked unanimous consent that the Speaker appoint a committee to wait upon the Governor and escort him to the House Chamber. There being no objection, it was so ordered.

The Speaker appointed Representatives Moyle and Rusche and Senators Davis and Stennett as the committee to wait upon the Governor and escort him to the House Chamber. The committee was excused.

The committee appointed by the Speaker escorted the Supreme Court Justices and the Appellate Court Judges to the House Chamber where they were presented to the Joint Session.

The committee appointed by the Speaker escorted the Elected Officials to the House Chamber where they were presented to the Joint Session.

The committee appointed by the Speaker escorted the Governor to the House Chamber.

His Excellency, the Governor of the State of Idaho, C.L. "Butch" Otter, was introduced by the Speaker and the following

State of the State Message and Budget Address was delivered by Governor Otter.

* * * * *

Mr. Speaker, Mr. President, Honorable Justices and Judges, my fellow constitutional officers, distinguished legislators and members of my Cabinet, honored guests, friends, my family and our First Lady my fellow Idahoans.

Allow me first to comment briefly on two men who were with us here throughout the first eight years of my tenure in this office - Superintendent of Public Instruction Tom Luna and Secretary of State Ben Ysursa.

During my time in government I have seldom been privileged to work so closely with two individuals more devoted to the public interest or more motivated by the better angels of public service than Tom and Ben.

Please join me now in an appreciation of their work, their legacy, and their friendship.

To our newly elected legislators and constitutional officers, congratulations and welcome. I applaud your willingness to serve. I respect and appreciate your civic virtue. And I encourage your attention, patience and commitment to the processes and purposes of our State government.

Like you, I am beginning a new term in office. It is an honor and a privilege to have once again garnered the support and confidence of the citizens of Idaho.

Like you, I take that responsibility very seriously. And I know that public confidence must be earned anew every day. So let us begin our work together unfettered by cynicism or mistrust, and with a sure understanding of our limitations as well as our potential.

With you, I look forward to advancing the interests of the people we serve.

With you, I am committed to continuing our efforts to make Idaho what America was meant to be.

Ladies and gentlemen, we are blessed to live in interesting times. There is unrest and uncertainty all around us. But that's nothing new to the human experience.

There has never been a shortage of issues upon which well-intentioned people could earnestly and actively disagree in any free and dynamic society.

We also are blessed to live in a nation and a state where there is an orderly, responsible, citizen-driven process for sorting out and addressing those issues. Our process is not designed to satisfy everyone. Nothing ever can. But it is designed to do more than stimulate public discussion and debate.

Ultimately, it must inspire resolution and progress - however imperfect or incomplete.

That is the lodestar on which we must find our way forward in the days ahead.

Unfortunately, that has not been a hallmark of our national government in recent years.

From immigration to energy and from environmental protection to budgeting, there is neither rhyme nor reason to how the federal government does - or does not - do its job.

Partisan rancor and political infighting are unacceptable excuses for inaction and dysfunction. Here in Idaho we have

not only the opportunity but the responsibility to set a higher standard, and then live up to it.

I ran for Governor in 2006 because my six years in Congress taught me that the states are where our Republic must meet today's challenges and prepare for those that lay ahead.

That is just as true today, and even more apparent. So I am more determined than ever for Idaho to embrace that opportunity.

It will mean setting an example of both fiscal responsibility and policy vision, especially on those issues that are fundamental to our future prosperity, consistent with the proper role of government and aligned with our Idaho values. That will require all of us working together rather than at cross-purposes.

We must not allow ourselves to emulate the federal government's politics of division, procrastination and misdirection for which we all are paying the price.

In some cases and on some issues, we already have put off making some tough decisions for too long. That cannot and must not continue. Today, I will outline some issues on which I believe we must act - not in careless haste but with all appropriate dispatch.

Perhaps the most important message I want to leave with you today is simply this: Idaho Learns.

We learned the value of being more frugal and accountable with taxpayer resources during the Great Recession. We learned the value of preparation and consensus building during our discussions concerning transportation funding. We learned the value of process and inclusion during our efforts to improve education.

And we have learned that even the best intentions and plans must be carried out with equal attention to detail and public perceptions from our contract experience with the Idaho Education Network.

Idaho Learns.

And those lessons run deep.

As a result of our experiences we move forward more confident in our abilities, more certain in our goals, and better prepared for the challenges before us. Future generations will benefit from our efforts to apply these lessons today.

I am not here to offer panaceas or to insist that your deliberations proceed in a particular direction - we are after all separate but equal branches of State government.

Instead, I am here to offer my view of what our state priorities should be and where our resources can be most effectively used in the public interest.

That list begins with education.

Last year in this chamber I laid out a five-year plan for sustainably and responsibly investing in our public schools.

I greatly appreciate your support for achieving those goals and I encourage your continuing help in seeing this process through as we welcome new Superintendent of Public Instruction Sherri Ybarra.

In Idaho, public schools are the most fundamentally proper role of government. They are essential to the health of our families, our communities and our economy.

In addition to the choices that parents are afforded with home schooling, charter schools and private schools, world-class public schools can set the bar for higher individual achievement. They are the key to our prosperity and Idaho's competitiveness in the global marketplace.

As you know, our school improvement plan is based on the recommendations of my broad-based, bipartisan Education Task Force, which was led and facilitated by the State Board of Education. The goal of its recommendations is to build a public school system that is focused on student outcomes, responsive to local needs, respectful of the role of classroom teachers, and more accountable to parents, patrons and taxpayers.

The Fiscal Year 2016 Executive Budget recommendation I am submitting to you today provides more funding for teacher training and professional development, and a significant infusion of money for teacher compensation under the new tiered licensure and career ladder proposed by the State Board of Education.

To support continuous improvement, my recommendation provides additional funding to help local school districts conduct planning on how best to improve the education of our children every year.

In addition, I'm calling for another \$20 million in discretionary operating funds for local schools in fiscal 2016.

My recommendation also includes funding to provide more career and college counseling for students. As we implement our K-through-Career goals I want students and parents to have the best information available in making important decisions about courses, programs and post-secondary opportunities that will give them a leg up toward success in the workforce.

My total General Fund budget request for the coming year represents a 5.2-percent increase.

But my proposal for public schools calls for 7.4 percent more funding. That's almost \$60 million more than we allocated for schools before the Great Recession began in fiscal year 2009.

Beyond the numbers, I'm also calling on the State Board of Education and our education partners to work together to develop a comprehensive plan for improving literacy and reading proficiency. Reading at grade level by the end of third grade is a major foundation for a student's education. It enables their success in every other subject area. We absolutely must prepare our students by doing more to achieve this critical benchmark. Anything less is simply unacceptable.

My hope while you consider this request is that we work together to continue assessing the impact of the current year's investments and seek to advance those policies and processes that work best for Idaho students.

We know that one of our initiatives to improve the quality and equity of the public school experience for our students is the Idaho Education Network.

It enables students in Salmon and Montpelier to get the same kind of advanced instruction as those in Sandpoint and Meridian. It enables Idaho to overcome our geographic and socioeconomic barriers. It allows us to realize the kind of opportunities for enlightenment and progress that not long ago were available only in our largest and most connected communities.

The kind and quality of courses and the level of instruction provided by the IEN truly is staggering. I believe its value is

beyond question. The IEN is an asset that must be maintained. The challenges in continuing this world-class educational tool can and should be overcome.

I am committed to fulfilling the vision and promise of the IEN, which will start with rebidding the contracts involved, but also includes a strong recommendation for full funding of IEN operations in fiscal 2016 to ensure the service is continued for Idaho students.

One of the benefits of the Idaho Education Network continues to be the ability to bring college-level courses into high school classrooms throughout Idaho. That in turn helps ensure that more of our students are adequately prepared for the academic rigors of college life.

Our colleges and universities have been spending too much time, money and energy on remedial programs to bring Idaho high school graduates up to a post-secondary level of competence on such critical subjects as science, math and reading comprehension.

Many of our employers also are having trouble finding workers with the skills they need in an increasingly complex economy to enable those businesses to remain competitive.

And I'm not just talking about computer science, engineering and healthcare fields; we have businesses struggling to find enough well-trained and qualified welders, technicians and other trades positions. In fact, at current levels of economic growth we are going to be tens of thousands of employees short of industry demand for the skills and level of post-secondary training and education they need in the coming years.

That's why our efforts to better prepare students to be contributing members of society now extend beyond the old K-12 focus to a K-through-Career emphasis.

Education must not be allowed to end with high school.

We have a responsibility to use our tax dollars more strategically and effectively - and to build and strengthen partnerships with employers - if we are to meet our goal of at least 60 percent of Idaho citizens between the ages of 25 and 34 having a post-secondary degree or professional certification by 2020.

Folks, that's just five years down the road. We have a lot of work to do to achieve this worthy goal.

Already the Board of Education and our higher education institutions are working more closely than ever with the Department of Labor, the Department of Commerce, Professional-Technical Education, Health and Welfare and local organizations to develop commonsense plans for meeting our workforce development needs.

That includes more pronounced, targeted and sustainable investments in such programs as the computer science initiative at Boise State University, an employee readiness initiative at the University of Idaho, career path internships at Idaho State University, and the Complete College Idaho program throughout our higher education system.

Those are amongst the top priorities at each of our schools, and I'm asking for your continuing support to help them succeed - to help US succeed in building a comprehensive system of education and workforce training opportunities so that Idaho Learns applies to all the citizens of our state.

I'm also pleased to report some good news from the efforts of our Leadership in Nuclear Energy Commission or LINE Commission and the Center for Advanced Energy Studies-CAES. As you will recall, that group did an outstanding job highlighting the strengths and capabilities of our National Lab - and one of their key recommendations focused on "regionalizing CAES" by including other state partners.

This past fall my good friend Governor Mead and the University of Wyoming agreed to join as equal partners in the CAES consortium of our state universities.

This is but the first step in a continuing effort to fulfill the promise of the INL and CAES.

Let me talk for just a moment now about something that you won't find in my budget recommendation. But I believe it has the potential to improve the lives and enhance the opportunities of many Idaho citizens. I believe that because we've already seen it happen right here in this valley.

In 2007, my first year as Governor, the Treasure Valley was one of the last metropolitan areas in America without a community college. That year the Legislature enacted my request to provide a State incentive of startup funding for any local jurisdictions where voters opt to establish a community college district. Ada and Canyon counties soon stepped up to the challenge and voted to establish the College of Western Idaho.

And what a tremendous success it's been. It's forever changed the way education is delivered here in Idaho's most populated area. It's hard to even imagine this valley now without CWI playing a significant role in our future.

Thanks to the incredible efforts of President Bert Glandon, the visionary leadership of the College of Western Idaho Board and collaboration with Boise State University and others, CWI joins as a full partner with the College of Southern Idaho and North Idaho College in fulfilling the promise of true "community" colleges.

They are providing affordable, accessible and responsive resources for both students and employers to meet their education and career-training goals.

Through them, Idaho Learns is taking on a broader definition.

Providing that opportunity for our citizens during the economic downturn was critically important to our recovery.

Now that we are rebounding, we find ourselves faced with growing demand and intensifying need for the services that community colleges are uniquely able to provide.

So today I challenge again the underserved communities of Idaho where no broad-based community college programs now exist to canvass their citizens and businesses on the value that can be added to their economic development and public enrichment efforts by establishing a community college district of the size and focus that will meet their local needs.

Those needs and my challenge for local leaders to address them will be part of the discussion in each town I visit to conduct Capital for a Day. We did it with CWI and we can do it again.

Preparing Idahoans for the workplace is the primary focus of the Idaho Department of Labor. It's not just about sending out unemployment checks.

And the experts at Labor and our other State agencies now have a clearer picture than ever of where our people will be

working in the years ahead - if they are educated and trained to do the kinds of careers being created.

We now expect to outpace the national employment growth rate with 15,000 job opportunities a year being created for Idaho workers through 2022 - many of them in the healthcare and construction fields.

That's why Director Ken Edmunds and his team at Labor have developed a plan for retaining, recruiting and returning employees to Idaho to help meet the demand for skilled workers.

The idea behind the "Choose Idaho" initiative is to bridge the coming labor shortage by keeping Idaho's best and brightest right here at home, encouraging former Idahoans to come home, and welcoming people with new skills to our communities.

To help build on that effort, my budget recommendation for fiscal 2016 includes a transfer of \$5 million for Industry Sector Grants.

That will help build partnerships between industry and our education system to more effectively address a growing shortage of skilled and trained employees - a key element of our K-through-Career goals.

At the same time, I'm pleased that the Department of Labor was able to announce last month that Idaho's economic recovery and job growth will allow the unemployment insurance tax rate paid by Idaho businesses to fall for the third consecutive year - this time by another 16.8 percent. That means tens of millions of dollars in savings that can help capitalize additional Idaho growth.

I appreciate your support over the years for reducing the tax burden on Idaho citizens. From increasing the grocery tax credit to lowering income tax rates and providing personal property tax relief, we are keeping almost \$157 million in the hands of Idaho taxpayers during 2015. And that will grow to more than \$169 million during the year that begins July 1 as our economy keeps expanding.

Director Jeff Sayer and his team at the Department of Commerce are working hand-in-glove with Education, Labor, Transportation, Agriculture, Health and Welfare and other State agencies to leverage market-driven economic growth into improving how employers see Idaho. Their goal is nothing less than to make Idaho a global leader in growth and prosperity.

And we have some great resources to help Accelerate Idaho, including the Tax Reimbursement Incentive or TRI that you approved last year. This performance-based tool is attracting great interest from businesses ready to create thousands of jobs and invest billions of dollars in Idaho's future.

Thank you for recognizing that Idaho Learns extends to the lessons from other states where government is mortgaging its future to up the ante on attracting new businesses.

By contrast, the TRI requires employers to prove up their commitment to Idaho with jobs and capital investments before a dime of their tax payments are reimbursed. And most importantly, the TRI is getting just as much attention from our homegrown Idaho businesses looking to expand as it is from employers outside Idaho looking for a better place to achieve their goals.

One of the most crucial parts of making Idaho a better place to do business and create jobs is improving our infrastructure. My budget recommendation includes an additional \$3 million infusion for the Idaho Opportunity Fund at the Department of

Commerce. That money is used for strategic grants to help Idaho communities provide the water, power, wastewater treatment, roads and other infrastructure necessary for new or expanding businesses.

A great example of the return on investment from our Opportunity Fund is Cives Steel. When one of the nation's largest steel fabricators was looking to expand west of the Mississippi River it found a home in Ucon, just north of Idaho Falls.

It landed there for a number of reasons, but one factor in particular helped seal the deal: Ucon was able to secure a \$400,000 Idaho Opportunity Fund grant to support infrastructure needed for the Cives operation. So far the employee-owned company has invested about \$10 million in facilities and equipment in Idaho. That figures to grow to about \$32 million as Cives creates more than 150 career opportunities in Bonneville County.

You know as well as I do that every Idaho community that's been passed over by a new or growing employer understands the value of those grants. But they only help address a small fraction of our statewide infrastructure needs.

The biggest of the big-ticket items in our infrastructure inventory is our long-term, multibillion-dollar investment in Idaho's roads and bridges.

And if Idaho Learns means anything at all, it's time for us to address that elephant in the room.

Our own circumstances and the realities of our national government require us to seize the opportunity to become more self-reliant, to be the architects of our own destiny rather than the afterthoughts of a federal funding system that could be skewed to our disadvantage. There's a real possibility that Congress will try to pass a transportation funding bill in the coming year - maybe as early as the spring.

A cold, hard assessment of the politics involved indicates that we run the risk of getting left in the lurch if that federal legislation changes the Highway Trust Fund formula so that we wind up paying in more than we're allotted for our needs in Idaho.

A survey last winter showed that most Idahoans believe our aging highways and bridges will need attention within ten years.

That's one benchmark to consider.

But the maintenance backlog we already have makes it even more important to figure out now how to pay for the hundreds of millions of dollars in improvements needed to protect Idaho lives and corridors of commerce.

Ladies and gentlemen, we know that after education, investing in infrastructure is among the smartest, most cost-effective and frankly essential uses of taxpayer dollars to promote the public's general welfare and sustain economic growth.

And that truth is being embraced by voters. It's interesting to note that roughly half of the survey respondents said transportation funding should be among the Legislature's top three priorities - even though most are satisfied with the condition of our roads and bridges right now.

They get it. Building and maintaining infrastructure is not an overnight proposition - whether it's highways, broadband connectivity, electric transmission lines or water treatment facilities. It takes planning and a commitment to sustainable long-term investment.

We already have 785 state and local bridges in Idaho that are over 50 years old and considered structurally "deficient."

That number will grow to almost 900 bridges by 2019 even after completing work on the 68 for which we already have funding.

This isn't a matter of Hennie Penny telling us that the sky is falling. It's a real problem, but we know how to fix it if we have the resources. Major Idaho highway improvement projects since 2009 - mostly funded by GARVEE bonds and federal stimulus money - have reduced the accident rate on those routes by 35 percent and the death rate by 25 percent.

Under Director Brian Ness and Board Chairman Jerry Whitehead, the Idaho Transportation Department is making significant strides in efficiency and more effectively using limited highway resources. ITD has eliminated more than 100 full-time positions since 2013 alone by reducing layers of management. It now is recognized among the best-run transportation agencies in America.

I fully understand the misgivings of some about higher transportation costs.

But there is something to be said for the old adage about being "penny wise and pound foolish." In fact, every dollar we invest now in our roads and bridges will save motorists and taxpayers \$6 to \$14 later.

Chairmen Brackett and Palmer, legislative leaders, I am not going to stand here and tell you how to swallow this elephant. That would be contrary to all we have learned about each other and the people we serve in recent years. But we all know it must be done. I welcome financially responsible legislation that addresses steady, ongoing and sustainable transportation infrastructure in Idaho; however, I will NOT entertain proposals aimed at competing for General Fund tax dollars with education and our other required public programs or services.

That raises the question of taxation.

So allow me to reflect for just a moment on our Idaho tax system and its conformance with the basic tenets of equity, certainty and simplicity. By that I mean taxation must be fair in its policy and administration across taxpayer classifications; it must be predictable so that taxpayers can plan and prepare as they conduct their business and personal affairs; and it must be understandable so that taxpayers have a fighting chance of making sense of the tax code and its impact on them.

As it stands today, Idaho unfortunately has become a confusing hodgepodge of taxing authorities. That undermines public confidence that those who collect the tax are accountable to citizens for how the revenue is used. With that and the benchmarks of equity, certainty and simplicity in mind, I'm asking for your help today in ensuring that over the coming four years we can make Idaho's tax system one of the best in the nation.

I believe that work should start now by enacting the recommendations from the task force I assembled last year to consider improvements to how the Idaho State Tax Commission operates. Those recommendations are aimed at improving the efficiency, accountability and transparency of our revenue operations. That includes refining the role of the Commission itself with the addition of a director over day-to-day agency business.

By now most of you know that I would like to see us further reduce the marginal rates for Idaho's individual and corporate income tax below 7 percent from their current 7.4 percent, as well as the complete elimination of the personal property tax. To that end, my budget recommendation sets aside the first year of a five year approach to reduce our income tax brackets from 7.4 percent to 6.9 percent.

This effort will provide relief to 44 percent of taxpayers this year and up to 51 percent of taxpayers by 2018.

I also believe the time has come for Idaho to prepare for a potential change in federal law to address the issue of tax equity. It's called the Marketplace Fairness Act.

As many of you know, that legislation now before Congress would clarify the legal authority of states like Idaho to impose and enforce a sales tax on interstate purchases of goods online.

Not only is this a fundamental matter of fairness for those brick-and-mortar businesses in our communities. It also is a matter of securing our own long-term prosperity.

Simply put, every dollar of sales tax from online purchases that goes uncollected is the better part of a dollar that is NOT going to support the necessary and proper roles of our State government - especially meeting the education and infrastructure needs of our growing economy.

Congress has yet to act. But the legislation has support from within our own Idaho delegation.

On the topic of Congress, I believe the chances now have improved - if only marginally - to repeal or more likely make incremental changes to Obamacare that would have a real impact here in Idaho.

I have studied the recommendations of my Medicaid Redesign Workgroup and agree with its findings - up to a point. I especially appreciate the Workgroup's strong focus on personal accountability, requiring co-payments, and managed care.

But more broadly, Idaho Learns should also apply to these findings and their experience. The Workgroup did its homework and deserves an opportunity to share what they have learned. I am asking you to hold hearings this session, listen to their findings, ask questions and educate yourselves on all the work they have done.

We worked together collaboratively and with great success on creating Your Health Idaho. After some initial trials, Idaho now is successfully running its own insurance exchange cheaper, more efficiently, with less staff and with better service than the national system that overpromised and profoundly under-delivered. That's because Your Health Idaho is locally run and utilizes insurance agents and brokers working in the free market.

In fact, the marketplace is the key to how Idaho is advancing our goal of making health care more affordable and accessible for all Idahoans.

Many people in this state have quietly gone about the business of putting Idaho at the forefront of the changing healthcare landscape.

By building public-private partnerships, Health and Welfare Director Dick Armstrong and the men and women who are working on the State Healthcare Innovation Plan are changing the way we pay for and deliver healthcare services - including Medicaid.

Those who are working diligently in both the public and private sectors to improve healthcare outcomes in Idaho deserve our sincere thanks.

My thanks also go to the Legislature and those advocates who are enabling us to more aggressively address the local challenges of behavioral health. Less than a month ago I was in Idaho Falls to cut the ribbon on Idaho's first Behavioral Health Crisis Center, where people with mental health or substance abuse problems can get short-term help without going to a hospital emergency room or a jail cell.

It's an important part of the broader improvements needed in our community-based services. We know that best practices across the country show that such local facilities reduce law enforcement and hospital-related costs while providing more sustainable support and better access for vulnerable citizens. That's why I once again am requesting funds for an additional Behavioral Health Crisis Center in the coming year.

Another decision for which I'm proud of the Legislature, our courts and our Executive agencies is their unprecedented collaboration in enacting and now implementing the Justice Reinvestment Initiative or JRI.

This is an effort started two years ago by the good chairmen of our House and Senate Judiciary committees.

Last year's overwhelming legislative support for Senate Bill 1357 and hard work during the past year by our courts, Department of Correction and Commission of Pardons and Parole has resulted in an outstanding set of administrative rules for you to consider during this session.

They spell out in detail how we can improve public safety, reduce recidivism and lower the costs associated with locking up offenders by prioritizing and refining our post-release supervision efforts with swift, certain and graduated sanctions.

I appreciate your continuing support as our Justice Reinvestment efforts move from careful planning to effective on-the-ground implementation.

I hope you will consider it equally important to continue our work toward addressing the very real challenge we face in our public defense system.

The courts have made it clear that our current method of providing legal counsel for indigent criminal defendants does not pass constitutional muster.

This is a priority for our counties so it also must be a priority for us. If we value the ideals embodied in the Fourth, Fifth, Sixth and Eighth amendments to the U.S. Constitution, then it is undeniably our responsibility to take the phrase "due process of law" as seriously as the Framers intended.

Which brings me to another constitutional issue - the defense of traditional marriage.

Last year we found ourselves in the position of defending an amendment to the Idaho Constitution approved by voters in 2006 and - I believe - truly representing both the intentions and the values of our citizens. It defines marriage between a man and a woman as the only "domestic legal union" valid in Idaho.

It is incumbent upon those of us sworn to uphold and defend our Constitution and to do so based on its content now - not on changing societal views since it was enacted or how any of us would write it today.

Therefore, I will continue to do all I can to uphold my oath and defend our Idaho Constitution.

I am hopeful that our recent request for the U.S. Supreme Court to review the issue will be accepted and that we can look forward to an outcome that affirms our Constitution.

It's unfortunate that so many of our differences with the national government wind up in court. But in the absence of any federal consensus on a multitude of issues, too often the courts become the last refuge both for public policy disputes and safeguarding our freedoms.

That may well be where such questions as protection of sage-grouse and siting of electricity transmission corridors end up. I hope not, and we are working hard with Idaho landowners, sportsmen, federal land managers and other stakeholders to find common ground through our administrative processes on those issues and others.

During the past year we completed the historic Snake River Basin Adjudication process. The largest single-stream adjudication in U.S. history took 27 years and covered water rights on about 87 percent of Idaho's land area. We advanced our efforts to similarly adjudicate all northern Idaho water claims. And we made great progress on our efforts to preserve, recharge and more sustainably manage our water throughout the state.

In addition and with gratitude for your help and support, I'm proud to announce that there now are five Rangeland Fire Protection Associations throughout Idaho. They are organized and prepared to launch initial attacks when wildfire threatens any of more than 3.5 million acres of state, private and BLM rangeland in our state.

Ladies and gentlemen, look high above you. Within this magnificent chamber so beautifully renovated just a few years ago, you see an Idaho sky through a vaulted dome of glass. This chamber, this building, this body has all the room that anyone could need to accommodate the biggest, loftiest and most meaningful ideas and actions.

In fact I would measure that the entire church used in the summer of 1787 to create this great Republic would but fill this chamber.

So as you begin your deliberations today, don't limit yourselves.

Think big. Be bold. Act decisively. Reflect the Idaho values you were sent here to represent.

And as you consider the magnitude of the work ahead and how it will benefit the citizens we serve, keep looking up toward higher aspirations.

Keep looking up and apply what Idaho Learns so that our fondest hopes and best intentions will lead to a better tomorrow for future generations.

Join me in putting Idaho and our people first and foremost in your minds.

Good luck, Godspeed, and may God continue to bless America and the Great State of Idaho.

Thank you.

* * * * *

The Speaker thanked Governor Otter.

The committee appointed to wait upon the Governor came forward and escorted him from the House Chamber and was, on its return, thanked and discharged by the Speaker.

The committee appointed to wait upon the Supreme Court Justices and the Appellate Court Judges came forward and escorted them from the House Chamber and was, on its return, thanked and discharged by the Speaker.

The committee appointed to wait upon the Elected Officials came forward and escorted them from the House Chamber and was, on its return, thanked and discharged by the Speaker.

Mr. Moyle moved that the Governor's State of the State Message and Budget Address be printed in both the House and Senate Journals. Seconded by Mr. Rusche.

The question being, "Shall the motion carry?"

Whereupon the Speaker declared the motion carried by voice vote and ordered the Governor's State of the State Message and Budget Address printed in both the House and Senate Journals.

Mr. Moyle moved that the Joint Session be dissolved. Seconded by Mr. Rusche. Motion carried.

The Senate returned to its Chamber.

There being no objection, the House advanced to the Sixteenth Order of Business.

16TH ORDER Adjournment

Mr. Moyle moved that the House adjourn until 11 a.m., Tuesday, January 13, 2015. Seconded by Mr. Rusche. Motion carried.

Whereupon the Speaker declared the House adjourned at 2 p.m.

SCOTT BEDKE, Speaker

ATTEST:

BONNIE ALEXANDER, Chief Clerk